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4 December 1973

MEMORANDUM FOR: Mr.

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SUBJECT : Meeting of GEHA Board of Directors

1. A special meeting of the GEHA Board of Directors has been scheduled for 1330 hours, 5 December 1973, in room 5 E 62, Headquarters Building. The agenda for this meeting is as follows:

a. Appointment of Mr. and Mr. F. W. M. Janney as Board Members to fill vacancies of the Directorate of Operations and Directorate of Management and Services.

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b. Appointment of Chairman of the Board.

c. Appointment of Mr. as Assistant Secretary of GEHA.

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d. Discussion of proposed changes in Contract Health Plan.

e. Report of Chairman of the Investment Committee.

2. Attached for your advance information are memoranda concerning the Contract Health Insurance Plan and the GEHA Investment Program.

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Secretary, GEHA

Attachment:
As stated

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28 NOV 1973

MEMORANDUM FOR: Director of Personnel

SUBJECT : Improvement of Health Insurance Plan for
Contract Employees

1. Since July 1960, federal employees have been eligible for group health insurance coverage under the Federal Employees Health Benefits Program. This legislative program provides federal employees with a choice of plans and specifies that a portion of the premium be paid for by the government. As originally written, eligibility for this program excluded contract employees. Therefore, in order that contract employees of this Agency might have the benefit of group health insurance, GEHA obtained a Mutual of Omaha policy for them which was a duplicate of the Association Benefit Plan already being offered to staff personnel under the FEHBP. Authority for this Contract Health Plan, including Agency subsidization of premiums, was embodied in a memorandum dated 8 June 1960 from the Director of Personnel to the Deputy Director for Support and Deputy Director for Plans. Paragraphs 7c and 7d of that memorandum, approved by the Deputy Directors for Support and Plans and concurred in by the General Counsel, provides that:

"c. The Agency share in the premium expense to the approximate extent that it will for appointed employees under the programs authorized by the Federal Employees' Health Benefits Act of 1959; and

d. The Director of Personnel be charged with responsibility for implementation and administration of this program in collaboration with other elements affected."

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2. In 1967 Federal Regulations were changed to make contract employees who were U.S. citizens eligible for the FEHBP. The

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eligibility. In June 1971 inquiry was made of Mutual of Omaha regarding the cost of improving the Contract Health Plan to put it on a more comparable basis with the Association Benefit Plan. The GEHA Board on 20 October 1971 voted approval of changes in benefits and rates of the Contract Health Plan which had been worked out with Mutual of Omaha. These changes, however, were never put into effect because of the President's announcement of a freeze on wages and prices.

3. We have now been informed by Mutual of Omaha that an increase of premium of approximately 24% will be necessary for the CHP, exclusive of any costs for changes in benefits. In response, we asked Mutual if they would write a new policy for our contract employees providing benefits and rates identical to those of the Association Benefit Plan and Mutual agreed to do so for one year. We believe this to be a most appropriate action. Not only would such a change achieve CHP comparability with the ABP, it would also simplify claims settlements and premium payments. In addition, it would for the first time make it possible for contract employees to have identification cards evidencing their health insurance coverage and thereby greatly facilitate hospital admissions.

4. Attachment A is a comparison of the benefits of the Contract Health Plan and the ABP. Attachment B is a comparison of the employee and Agency costs for the CHP and the ABP. I recommend that the CHP be changed to coincide with the ABP effective 1 January 1974. Such an effective date would put the new CHP and the ABP on the same policy year. If you agree, we should plan to have an early meeting of the GEHA Board of Directors to obtain their endorsement.

[Redacted]

Deputy Director of Personnel

Approved:

[Redacted]

Director of Personnel

28 NOV 1973

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T Y P E O F E X P E N S E	B E N E F I T S	
	Contract Health Plan	Association Benefit Plan
Hospital Room and Board (Non-maternity)	\$25 per day plus 80% of excess for first 90 days. 80% there- after	Full payment for semi-private room for first 180 days. 80% thereafter
Hospital Inpatient Misc.	First \$202.50 plus 80% of re- mainder (Not to exceed \$5,000)	Full payment for 180 days. 80% thereafter.
Surgery	\$500 Surgical Schedule plus 80% of excess	\$900 Surgical Schedule plus 80% of excess
Doctors' nonsurgical charges, prescription drugs, diagnostic tests, nurses, physiotherapy, rental of therapeutic medical equipment, blood, etc.	80% after a \$100 deductible	80% after a \$100 deductible (Pays first \$75 of out-of- hospital diagnostic tests in full without a deductible. Also covers services of clinical psychologist not covered by Contract Health Plan.)
Hospital Charges for Maternity	\$16 per day for up to 8 days	Full payment
Obstetrical Charges	\$100 for Normal Delivery \$ 50 for Miscarriage \$150 for Cesarean	\$250 for Normal Delivery \$150 for Miscarriage \$400 for Cesarean

TYPE OF ENROLLMENT	MONTHLY PREMIUM			
	Contract Health Plan		Association Benefit Plan	
Self Only Enrollment	\$ 4.89	Total	\$ 16.97	
	1.70	Agency Pays	8.49	
	3.19	Employee Pays	8.48	
Self and Family Enrollment	\$19.24	Total	\$48.64	
	6.76	Agency Pays	23.69	
	12.48	Employee Pays	24.95	

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